

Responsible Investment Policy

Philosophy

At Affirmative Investment Management (AIM), responsible investment is integral to everything we do. Our mission is to manage fixed income portfolios that generate both financial returns and meaningful and positive environmental and social impacts. We invest for impact, with all investments supporting the Paris Agreement and/or the UN Sustainable Development Goals.

We believe in positive selection of securities, integration of environmental, social and governance (ESG) standards, application of exclusionary criteria and support for allocating capital to issuers transitioning to a low carbon economy and generating positive environmental and social impact.

Core Impact Investment Beliefs

We believe in focus, engagement and transparency.

Focus: We seek to do one thing at a level of excellence rather than many things. We manage fixed income portfolios that seek to generate market returns plus financial alpha that also have a net positive environmental and /or social impact.

Engagement: We actively engage with potential and current impact bond issuers and intermediaries to promote the development and maintenance of standards that will ensure a high level of transparency and a clear ongoing commitment to positive environmental and/or social impact. Our goal is to work with issuers and intermediaries to encourage ambition, enhance impact reporting and harmonise post issuance disclosure in the impact bond market.

We believe positive change is only truly meaningful when it is shared. We actively collaborate with global sustainability experts and initiatives to support collective action.

Transparency: We expect high levels of transparency from issuers and hold ourselves to the same standards. Our annual Impact Report underpins our commitment to transparency to our clients.

Our Investing Beliefs

- We believe we can generate both mainstream investment returns and deliver positive environmental and social impact.
- We believe countries, organisations and companies with higher ESG standards will have more sustainable business models.
- Our view generation is underpinned by research, both fundamental macro-economic research and credit research.
- Portfolio construction, risk management and operational infrastructure are integral to successful fixed income portfolio management.
- Debt holdings play an important role in investment portfolios and are critical mechanisms for positive change.

UN Principles for Responsible Investment

We actively incorporate the UN Principles for Responsible Investment ("Principles"), into our business and investment process.

- Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.
- Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.
- Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.
- Principle 5: We will work together to enhance our effectiveness in implementing the Principles.
- Principle 6: We will each report on our activities and progress towards implementing the Principles.